

**CITY OF FRESNO
CALHOME MORTGAGE ASSISTANCE PROGRAM**

**LETTER OF PARTICIPATION
BY LENDING INSTITUTION**

This Letter of Participation, ("LOP"), is executed by _____, a _____ ("Lender") in favor of the City of Fresno, a municipal corporation ("City") to memorialize Lender's participation in the City's CalHome Mortgage Assistance Program ("Program"), as follows:¹

1. The City operates a local program under the California Department of Housing and Community Development ("HCD") CalHome Mortgage Assistance Program² incorporated herein ("CalHome Program") providing financial assistance ("Loan") to eligible home buyers utilizing a purchase mortgage which is eligible under the CalHome Program and is either FHA/HUD insured, or eligible for purchase by the Federal National Mortgage Association (FNMA) and/or the Federal Home Loan Mortgage Corporation (collectively "Eligible Mortgage").
2. Lender is an FHA/HUD approved lending institution and/or lending institution qualified to provide an Eligible Mortgage. By this LOP, Lender acknowledges and agrees to participate in the City's Program under the terms and conditions contained in this LOP and in the Program requirements and Guidelines.
3. Home buyers must: (1) be a first-time home buyer, defined as not having owned a home for the past three calendar years; (2) have income within the limits of the Program; and (3) purchase a home for owner occupancy that does not exceed the maximum sales price for the Program³ and is located within Fresno City limits and is not a County island.
4. The City will provide deferred loans up to \$50,000 for gap financing. Gap financing is the difference between the purchase price with closing costs and the amount of the borrower's first mortgage loan and down payment. This loan will be secured with a Deed of Trust that will record subordinate to the primary mortgage loan (second lien position). The Loan will be provided at a Zero percent (0%) interest rate with no monthly payments required. The Loan, in its entirety, is due and payable: (1) in thirty (30) years, (2) upon sale, transfer of title, lease or encumbrance, (3) when the property ceases to be owner-occupied, or (4) upon the maturity date or full repayment of any senior deed of trust upon the property.

¹ The Letter of Participation is attached to the *City of Fresno CalHome Mortgage Assistance Program Guidelines* document and incorporated therein.

² Cal. Health & Safety Code §§ 50650 et seq.; 25 CCR §§ 7715 et seq.

³ The single family housing unit must not have a purchase price that exceeds the lesser of that specified in the Program or the median purchase price for the area, as described in the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)).

5. The City will also provide a federal HOME funded loan in the amount of up to \$5,000 that will be used for closing costs specifically the recurring loan closing costs. This loan also will be secured with a Deed of Trust that will record subordinate to the CalHome Mortgage Assistance Program loan (third lien position). Lender will participate under the terms and conditions contained in this LOP and in the HOME Program including Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended and implementing regulations at 24 CFR Part 92 incorporated herein.
6. Lender shall pre-qualify each borrower for a loan in an amount sufficient to purchase a predetermined home. Preliminary loan approval must be completed prior to Lender submitting an application to the City for a Program Loan. Lender shall also identify the amount of cash required of the borrower for the down payment and loan closing costs.
7. Lender shall complete the CalHome Mortgage Assistance Program Eligibility Worksheet, as provided by the City, to determine:
 - a. The borrower's eligibility for a City Program Loan.
 - b. The eligibility of the property to be purchased.
 - c. The amount of the City's Program Loan to be requested.
8. If borrower is determined by Lender to be eligible for a Program Loan, the Lender's authorized signatory is to certify eligibility by signing the "Certification of Eligibility" on Page 5 of 6 in the CalHome Mortgage Assistance Program Eligibility Worksheet.
9. The City shall prepare the necessary City Program Loan documents including Deeds of Trust; Notes; Truth in Lending Disclosure Statements; and Owner Participation Agreement.
10. Lender shall submit the original signed CalHome Mortgage Assistance Program Eligibility Worksheet, all required accompanying verifications, and all escrow instructions to:

City of Fresno
Planning and Development Department
2600 Fresno Street, Room 3070
Fresno, California 93721
Attention: Pam Rodrigues

11. Upon receipt of said documents, the City will review same for completeness, eligibility, and signature authorization. Based on the Lender's certification of eligibility, the City will then process a check in the amount requested. City will submit a check and the City's Program Loan documents with instructions to the escrow agency handling the borrower's escrow, as provided by the Lender. The Program Loan proceeds are to be disbursed only upon close of escrow. At close of escrow, all original City Program Loan documents, evidence of property insurance documentation and the final settlement statement are to be transmitted to the City, after recordation, for processing and retention. A review of the final settlement statement will be performed to ensure that the borrower has contributed a minimum 3% of the purchase price

and that the contribution has remained in the transaction and has not been returned to the borrower. If not in compliance, a request for the funds will be issued to the title company with a copy to the borrower. When the funds are returned to the City, the borrower's loan amount will be reduced. The City shall bear no costs in escrow absent City's written consent. Monitoring and accounting of the City's Program loan and requisites will be the responsibility of the City.

12. Either the City or the Lender may suspend or terminate its participation in the Program and/or any proposed home purchase transaction thereunder as to which escrow has not closed, by providing written notice 30 days prior to effective date of termination, provided the City's participation in the Program shall automatically terminate pro rata to the extent CalHome or HOME Program funding for any reason is or becomes unavailable. Lender acknowledges and agrees that should CalHome or HOME Program funding be encumbered, withdrawn or otherwise made unavailable to the City, whether earned by or promised to Lender or Home Buyer, said CalHome or HOME Program funds shall not be provided unless and until they are made available for payment to the City by HCD or HUD and the City receives said funds. No other funds owned or controlled by the City and/or the City's taxing power shall be obligated hereunder or under the Program.
13. To the furthest extent allowed by law, the Lender shall indemnify, hold harmless and defend the CITY and their officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages incurred by the CITY, Lender or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen out of Lender actions/omissions in pursuit of the Program. The Lender's obligations under the preceding sentence shall apply regardless of whether the CITY or any of their officers, officials, employees, agents or volunteers are negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by the gross negligence, or by the willful misconduct, of the CITY or any of their officers, officials, employees agents or volunteers.
14. Lender at all times shall comply with, conform to, and obey all applicable provisions of the Program and federal, state and local laws, rules and regulations. In the event of any conflict, the federal, state and local laws, rules and regulations shall control and take precedence over the Program and this LOP, and the Program shall control and take precedence over this LOP.

///

* * * * *

LENDING INSTITUTION: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

TELEPHONE NUMBER: _____

FAX NUMBER: _____

Authorized Lender Representative:

_____	_____
Signature	Date

_____	_____
Name	Title

Others Authorized to Certify Eligibility:

_____	_____
Signature	Print Name / Title / Telephone No.

_____	_____
Signature	Print Name / Title / Telephone No.

_____	_____
Signature	Print Name / Title / Telephone No.

Approved: City of Fresno

_____	_____
Downtown and Community Revitalization Department	Date